

Message Text

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R 011330Z FEB 74

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC 4798

INFO CINCPAC HONOLULU HI

COMUSSAG NKP THAI

COMUSMACHTHAI BANGKOK THAI

AMEMBASSY SAIGON

AMEMBASSY BANGKOK

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E.O. 11652: GDS

TAGS: MILI, MASS, EAID, CB, VS

SUBJECT: CAMBODIAN RESUPPLY: SEVENTH UPDATE

REF: PHNOM PENH 853/181400Z JAN 74

1. THIS IS THE SEVENTH UPDATE OF THE CAMBODIAN RESUPPLY EFFORT. LIKE REFTTEL, IT DOES NOT CONSTITUTE A FULL PROGRESS REPORT BUT FOCUSSES ON SPECIFIC PROBLEM AREAS, RECENT DEVELOPMENTS AND ACCOMPLISHMENTS. ACTIONS WE BELIEVE ARE NOW REQUIRED ARE LISTED IN EACH SECTION, AND WHEN APPROPRIATE A SUGGESTED ACTION AGENCY IS INDICATED.

PFST I- AMMUNITION

2. SUPPLY AND FUNDING: AS OF 1 FEBRUARY 1974, THE DEPOT STOCK AT THE KATNOU DEPOT COMPLEX IS 7,500 S/T COMPARED TO THE GOAL OF 18,000 S/T WHICH CURRENTLY REPRESENTS A 30-DAY STOCKAGE LEVEL. THE
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AMMUNITION STOCKAGE POSITION IS IMPROVING AND THIS IMPROVEMENT IS

ATTRIBUTED TO AN INCREASED AVAILABILITY OF SURFACE TRANSPORTATION ASSETS, AN INCREASE IN AIRLAND SORTIES DURING THE PERIOD 25 JAN TO 1 FEB 74, AND THE STABILIZING OF THE CONSUMPTION RATE AT APPROXIMATELY 600 S/T PER DAY. FUNDING APPROVAL HAS BEEN REQUESTED FOR AN ADDITIONAL \$43 MILLION TO MEET REQUIREMENTS THROUGH MARCH 1974 (MEDTC 301044Z JAN 74). SUPPLY ACTION BEING TAKEN BY CINCPAC IN COORDINATION WITH USSAG SHOULD MORE THAN DOUBLE FANK DEPOT STOCKS WITHIN THE NEXT TWO WEEKS.

3. STORAGE: WORK AT THE DEPOT COMPLETES CONTINUES TO IMPROVE THE DURABILITY OF THE ROAD NETWORK AND STORAGE PADS. HOWEVER, PROGRESS HAS BEEN SLOW SINCE BULLDOZERS HAVE BEEN DIVERTED FOR THE PRIORITY CONSTRUCTION OF DEFENSIVE POSITIONS AROUND PHNOM PENH.

4. ACTIONS REQUIRED:

A. IMPROVE DRAINAGE AND DURABILITY OF ROAD NETWORK AND PADS BEFORE THE ONSET OF THE RAINY SEASON.

B. CONTINUE TO AUTHORIZE SUFFICIENT AIRLIFT ASSETS TO COMPENSATE FOR ANY SHORTFALL IN SURFACE LIFT CAPABILITY.

C. APPROVE ADDITIONAL FUNDING TO MEET MARCH 1974 REQUIREMENTS.

PART II- NIMBLE VOYAGE EQUIPMENT (DRY SEASON PACKAGE)

5. THE SEVEN NIMBLE VOYAGE UH-1H HELICOPTERS HAVE BEEN DELIVERED AND TITLE TRANSFERRED TO THE KHMER AIR FORCE. TWO OF THESE AIRCRAFT ARE "SLICKS" (USED ONLY FOR TRANSPORT); ONE IS A GUNSHIP EQUIPPED WITH THE CO T ETE # XM-93 ARMAMENT SYSTEM (BOTH "A" AND "B" KITS); FOUR ARE "SLICKS" EQUIPPED WITH XM-93 "A" KITS. THE ADDITION OF "A" KIT HARDWARE TO THE LATTER FOUR AIRCRAFT ENABLE RAPID CONVERSION TO COMPLETE GUNSHIP CONFIGURATION BY INSTALLING A "B" KIT, WHICH CONSISTS OF TWO MINIGUNS AND TWO ROCKET PODS. KAF CURRENTLY HAS ONE "B" KIT FOR INSTALLATION ON THESE FOUR AIRCRAFT BRINGING THE TOTAL GUNSHIP INVENTORY TO TEN. KAF SHOULD THUS BE ABLE TO KEEP A MAXIMUM NUMBER OF GUNSHIPS OPERATIONAL BY TRANSFERRING "B" KITS (GUN SYSTEMS) AS GUNSHIPS GO IN FOR MAINTENANCE.

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PART III-PETROLEUM

6. MILITARY PETROLEUM:

A. DAYS OF SUPPLY OF MILITARY PRODUCT AT 1 FEBRUARY 1974 ARE AS FOLLOWS:
MOGAS-70.3, ADO-76.1, AV115- 47.6, JP-4-54.2.

B. CONTRACT HAS BEEN NEGOTIATED WITH EXXON THAT

FILLS FANK-RVNAF SHORTFALL QUANTITIES WITH THE EXCEPTION OF AVGAS 115. WITH THE INCREASE IN KAF COMBAT AIR SUPPORT ACTIVITIES, CONSUMPTION OF AVGAS 115 IS EXPECTED TO EXCEED ALLOCATIONS BY 1800 CUBIC METERS BETWEEN NOW AND 1 JULY 1974. CINCPAC HAS BEEN APPRISED OF THIS SITUATION AND IS ATTEMPTING TO LOCATE AN ADDITIONAL SOURCE.

C. THE INCREASE IN PRICES FOR POL AND THE REQUIREMENT FOR A 10 PERCENT ADDITIONAL CHARGE DEMANDED IN ADVANCE BY CONTRACTORS FOR WORLD SCALE PRICE INCREASE CONTINGENCY HAS ESCALATED MAP CAMBODIA POL FUNDING REQUIREMENTS TO \$3,113,375. A PROGRAM CHANGE WAS SUBMITTED TO CINCPAC BY MESSAGE (MEDTC 311105Z JAN 74) TO FINANCE THESE REQUIREMENTS.

D. ACTIONS REQUIRED: (A) APPROVAL OF PROGRAM CHANGE AND ALLOCATION OF FUNDS TO MAP CAMBODIA POL LINES. (2) SECURE ADDITIONAL 1800 CUBIC METERS OF AVGAS

TO BE MADE AVAILABLE AT VUNG TAU AS SOON AS POSSIBLE.

NOTE BY OC/T: #AS RECEIVED. WILL BE SERVICED UPON REQUEST.
NOTE BY OC/T: LIMDIS CAPTION ADDED PER MR. HALE, S/S-O.

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7. CIVILIAN PETROLEUM

A. CIVILIAN POL STATUS

DUE TO LACK OF PRODUCT AVAILABILITIES WE HAVE STILL NOT ACHIEVED THE BUILD-UP STOCK LEVELS FOR THE CIVILIAN SECTOR. THE BUILD-UP STOCK LEVELS BY PROCUTS ARE PRESENTLY BEING CHANGED TO 60 DAYS FOR ADO; 45 DAYS FOR IDO, FO, JP-1 AND AVGAS; WITH MOGAS AND KO REMAINING THE SAME, 30 DAYS. THE CHANGES BECAME NECESSARY FOR THE FOLLOWING REASONS:

(1) WITH THE STARTUP OF THE NEW ELECTRICITE DE CAMBODGE GENERATORS NOW BEING ESTIMATED TO TAKE PLACE BY MARCH 1ST, THE NEED FOR ADO WILL INCREASE. SINCE ADO AND IDO ARE BOTH USED FOR THE POWER PLANTS, TELA KHMER REQUESTED THAT A 45-DAY RESERVE BE ESTABLISHED FOR THE LATTER. WITH THE INCREASED RESERVE FOR IDO WE REQUESTED THAT THE RESERVE FOR FO BE REDUCED FROM 60 TO 45 DAYS SINCE THE OLDER, LESS EFFICIENT POWER EQUIPMENT AT CHAK ANGRE WILL BE USED PRIMARILY AS STANDBYS OR FOR PEAK PERIODS.

(2) AT THE SPECIFIC REQUEST OF TELA KHMER WE HAVE RAISED THE BUILD-UP QUANTITIES OF JP-1 AND AVGAS FROM 30 TO 45 DAYS BECAUSE OF THE INCREASE IN DOMESTIC FLIGHTS DUE TO CONTINUED INTERDICTION OF ROADS AND FOR AIR COMBODGE INTERNATIONAL FLIGHTS. A LARGER RESERVE WAS ALSO CONSIDERED NECESSARY SINCE THE STOCK NORMALLY ON HAND IS VERY SMALL IN TERMS OF CUBIC METERS USED FOR THIS BUILDUP. CONFIDENTIAL

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THIS BUILDUP DOES NOT MATERIALLY AFFECT STORAGE SPACE FOR OTHER PRODUCTS. AS OF JANUARY 31ST AND CONSIDERING ADO/IDO INTERCHANGEABILITY, THE ONLY PRODUCT THAT ACHIEVED THE NEW TARGETS WERE MO AND AVGAS (CONSIDERING AV 115 SUBSTITUTABLE FOR AV 100). BASED ON A REDUCED CONSUMPTION FIGURE (I.E., UNDER CONSERVATION MEASURES) AS OF JANUARY 31ST WE HAD THE FOLLOWING DAYS OF SUPPLIES ON HAND: MO-30.2 KO-5.0, ADO-50UN IDO-32EN FO-27ON JP-1-30.9, AVG100-8.5, AVG115-142.9. THE RECAP DOES NOT INCLUDE THOSE STOCKS OF ADO/IDO FROM CALTEX BEING USED FOR RICE VESSELS BUNKERING IN NHABE. IT APPEARS THAT THE ORIGINAL ESTIMATE OF 2000 CUBIC METERS PER MONTH FOR THE BUNKERING OF RICE VESSELS WAS SOMEWHAT HIGH AND SHOULD BE REVISED DOWNWARD TO APPROXIMATELY 1500 CUBIC METERS. HOWEVER, SOME ADDITIONAL FUELS MIGHT BE NEEDED FOR BUNKERING IN KOMPONG SOM FOR VESSELS TRANSPORTING EXCESS RICE STOCKS FROM THAT PORT VIA THE MEKONG TO PHNOM PENH IF ROUTE 4 CONTINUES TO BE CLOSED. THE FIGURES FOR ADO AND IDO INCLUDE THOSE STOCKS AT OIL COMPANIES' DEPOTS, AND FLOATING BARGES, AS WELL AS THE STOCKS AT THE POWER PLANTS.

POL - PHNOM PENH CIVILIAN SECTOR BASED ON CURRENT RATIONED CONSUMPTION AND DELIVERIES OF PRESENTLY KNOWN SCHEDULED CONVOYS 1)

SCHEDULED

	ON HAND	CONVOYS	CONSUMP	STATUS	DESIRED	SHORTAGE(3)
	1/31	1/31-2/28	1/31-2/28	2/28	STOCK	OR EXCESS
MO	1659	1600	1596	1664	1650	14
KO	496	1800	2900	(694) 2)	3000	(3000)
ADO	5377	600	3074	2903	9600	(6697)
IDO	2959	700	2146	1513	3300	(1787)
FO	2200	2100	3219	1081	4050	(2969)
JPI	371	400	348	423	540	(117)
AVG.	2260	800	1363	1697	2115	(418)
	15322	8000 1)	14645	9281	24255	(14974)

- 1) IT IS EXPECTED THAT AT LEAST ONE MORE CONVOY WILL ARRIVE DURING FEBRUARY CARRYING POL FOR CIVILIAN SECTOR ESTIMATED AT APPROXIMATELY 3000 M 3
- 2) NOT REFLECTED IN TOTALS.
- 3) SHORTAGE IN PARANTHESES.

B. AVAILABILITY OF CIVILIAN PRODUCTS FROM OIL COMPANIES

SHELL AND CALTEX CONTINUE TO DELIVER UNDER THEIR
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RESPECTIVE CONTRACTS AND HOPEFULLY WILL CONTINUE TO DO SO. UNDER THEIR CONTRACT SUMMIT IS REQUIRED TO PROVIDE THE MONTHLY DELIVERIES TO BATTAMBANG, EVEN THOUGH DUE TO THE NUMEROUS ESCAPE CLAUSES WHICH SUMMIT RESERVED FOR THEMSELVES, IT IS QUESTIONABLE WHETHER THESE DELIVERIES WILL BE EFFECTED. ALTHOUGH SUMMIT HAS DELIVERED IN JANUARY SOME AMOUNTS TO PHNOM PENH IT IS LESS CERTAIN THAT THEY WILL CONTINUE TO DO SO IN THE FUTURE (BECAUSE THEY HAVE INSUFFICIENT CRUDE). SUPPLY OUTLOOK FOR THE FUTURE SHOULD IMPROVE TO TELA KHMER IS SUCCESSFUL IN OBTAINING OFFERS IN RESPONSE TO ITS INVITATION FOR BID (IFB) DATED FEBRUARY 1ST. THIS IFB WITH BIDDING DEADLINE ESTABLISHED AS OF MARCH 1ST. CALLS FOR DELIVERIES BEGINNING MAY 1 AND WILL OVERLAP THOSE UNDER THE PRESENT CONTRACT WHICH EXPIRES ON MAY 31ST.

C. ASSISTANCE RENDERED BSDPGN UBIGON

THUS FAR EFFORTS ON THE PART OF TELA KHMER, THE EMBASSY AND WASHINGTON AGENCIES TO OBTAIN INCREASED QUANTITIES FROM POL

NOTE BY OC/T: LIMDIS CAPTION ADDED PER MR. HALE, S/S-O.

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FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC 4800

INFO CINCPAC HONOLULU HI

COMUSSAG NKP THAI

COMUSMACHTAI BANGKOK THAI

AMEMBASSY SAIGON

AMEMBASSY BANGKOK

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COMPANIES HAVE FAILED. LOCAL POL COMPANIES HAVE NOT BEEN RESPONSIVE TO EITHER TELA KHMER OR THE EMBASSY. IT ALSO APPEARS THAT STATESIDE POL COMPANIES HAVE BEEN IMPERVIOUS TO WASHINGTON'S PLEAS TO PROVIDE THE MODES INCREASES IN DELIVERIES. WE HAVE BEEN ENCOURAGED HOWEVER BY *THE LIKELIHOOD OF OBTAINING THROUGH DAO/ SAIGON SUPPLIES APPROXIMATING 33,000 CUBIC METERS FROM MARCH THRU MAY. WE ARE ADVISED BY A DAO/SAIGON REPRESENTATIVE THAT, APART FROM THE KEROSENE, THIS SMALL TOTAL QUANTITY CAN BE MADE AVAILABLE WITH RELATIVE EASE IN MOST ANY MIX DEPENDING UPON PROJECTED DELIVERIES BY POL COMPANIES. RECEIPT OF THIS POL WILL ENABLE US TO ATTAIN OUR TARGETS BY THE END OF MAY 1974. THE FOLLOWING IS A PROJECTION FROM MARCH 1 TO MAY 31.

POL PHNOM PENH- CIVILIAN SECTOR

ON HAND DELIVERIES CONSUMP STATUS DAYS SUPPLY

3/1 3/1-5/31 3/1-5/31 5/31

MO 1664 5580 5060 2184 39.7

KO 0 12240 9200 3040 30.4

ADO 2903 21594 14720 9777 , 61.1

IDO 1513 7305 6808 2010 27.2

FO 1081 10200 8280 3001 33.3

JPI 423 1500 1104 819 68.3

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AVG. 1697 4500 4324 1873 39.9

92

1 62919 49496 22704

BASED ON RATIONED CONSUMPTION EXPECTED DURING MAR-MAY WITH DELIVERIES FROM SHELL AND DAO STOCKS. CALTEX PRODUCT FOR BUNKERING AT NHABE VIETNAM NOT REFLECTED IN DELIVERIES.

D. CIVILIAN FUNDING

SUFFICIENT FUNDS ARE AVAILABLE FOR THE PRESENTLY ASSURED DELIVERIES AND SUFFICIENT ADDITIONAL FUNDS HAVE ALREADY BEEN REQUIREDTED.

E. AVAILABILITY OF BOTTOMS

THE PRESENT AVAILABLE BOTTOMS MORE THAN SUFFICE FOR THE AMOUNTS TO BE DELIVERED UNDER THE EXISTING CONTRACTS. ADDITIONAL BOTTOMS MAY BE NEEDED STARTING IN MARCH TO ACCOMMODATE THE DELIVERIES FROM THE DAO/SAIGON STOCKS. THE DAO/SAIGON STOCKS ARE TO BE PICKED UP FROM VUNG TAU, WHICH MIGHT SPEED UP THE TURNAROUND OF THE CONVOY SO THAT THE 28,000 CUBIC METERS OF PRODUCT (BOTH CIVILIAN AND MILITARY) TO BE CARRIED PER MONTH MIGHT BE LIFTED BY THREE CONVOYS, EACH OF 8 DAYS TURN-AROUND.

F. EFFECTS OF CONSERVATION MEASURES

THE CONSERVATION MEASURES CONTINUE TO WORK FAIRLY WELL. THE EXPERIENCE TO DATE INDICATES THAT THE REGULATED AMOUNTS ISSUED EACH WEEK (30PCT BELOW NORMAL CONSUMPTION) FROM THE OIL COMPANIES' DEPOTS, PRICE INCREASES, AND RATIONING AT THE RETAIL STATIONS, IN THAT ORDER OF EFFECTIVENESS, HAVE BEEN RESPONSIBLE FOR THE SUCCESS OF THE CONSERVATION EFFORTS. SOME INCREASE IN CONSUMPTION WILL PROBABLY TAKE PLACE AS THE DRY SEASON PROGRESSES AND A SEASONAL INCREASE IN CONSTRUCTION ON VARIOUS PROJECTS WILL BE TAKING PLACE. FOR EXAMPLE, THE CONTRACTORS WORKING ON THE AIRPORT IMPROVEMENT PROJECTS-POCHENTONG, REAM, AND BATTAMBANG HAVE ALREADY REQUESTED ADDITIONAL AMOUNTS, CLAIMING THAT THE RATIONED AMOUNTS THEY WERE ALLOCATED IN THE LAST FEW MONTHS ARE INSUFFICIENT FOR THEIR CONTRACT NEEDS. DUE TO INCREASES IN INTERNATIONAL POSTED PRICES, DOMESTIC PRICES WILL SOON HAVE TO BE INCREASED SUBSTANTIALLY. THESE INCREASES ARE EXPECTED TO DRIVE DOWN CONSUMPTION FURTHER.

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G. SHORTAGE OF PETROLEUM PRODUCTS IN BATTAMBANG

THE IMPOSITION OF THE BAN BY RTG ON EXPORTS OF POL CREATED A SERIOUS PROBLEM IN THE SUPPLY OF BATTAMBANG FROM BANGKOK. FOUR (4) CONVOYS HAVE BEEN CANCELLED AND SINCE THE SUPPLY SITUATION IS ENTIRELY DEPENDENT ON THE TIMELY ARRIVAL OF THE CONVOYS, SERIOUS SHORTAGES OF FUELS HAVE ALREADY DEVELOPED IN THE BATTAMBANG AREA.

THE SITUATION IS FURTHER AGGRAVATED BY THE INCREASING POL NEEDS FOR THE RICE HARVEST THAT IS CURRENTLY UNDER WAY. ALL THE POL COMPANIES IN BANGKOK, EXCEPT SUMMIT(I.E. SHELL, ESSO, CALTEX),

HAVE MUST, WITH THE ASSISTANCE OF EMBASSY BANGKOK, RECEIVED EXPORT PERMITS FROM THE THAI MINISTRY OF COMMERCE FOR A 15-DAY PERIOD. AMOUNTS ELIGIBLE FOR SHIPMENT WILL BE ONE-HALF THE MONTHLY AMOUNTS. THE FIRST CONVOY WAS DUE TO START THE AFTERNOON OF JANUARY 31. SUMMIT'S PERMIT IS EXPECTED TO BE ISSUED ON FEBRUARY 1ST AND THEIR SHIPMENTS SHOULD BE MADE EITHER FEBRUARY 2ND OR 3RD. (THE PERMITS ISSUED TO ALL THE POL COMPANIES SHOULD PERMIT 4 OR 5 CONVOYS OF APPROXIMATELY 400 CUBIC METERS EACH; TRANSIT TIME FROM BANGKOK TO BATTAMBANG IS TWO DAYS.)

H. ACTIONS TO BE TAKEN.

THIS MISSION WILL COORDINATED WITH DAO/SAIGON THE DELIVERIES OF PRODUCT THEY ARE ABLE TO OBTAIN FOR CAMBODIA. THE FULL-FILLMENT OF BUILD-UP TARGETS IS FULLY DEPENDENT ON THOSE DELIVERIES ESTIMATED AT ABOUT 33,000 CUBIC
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FM AMEMBASSY PHNOM PENH
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POL COMPANIES WILL DELIVER IN MARCH, THE PARTICULAR STORAGE THT WILL BE AVAILABLE AND PLANNING THE EFFICIENT UTILIZATION OF BOTTOMS TO TRANSPORT BOTH CIVILIAN AND MILITARY REQUIREMENTS.

EMBASSY PHNOM PENH AND BANGKOK WILL CONTINUE TO FOLLOW THE BATTAMBANG SUPPLY SITUATION ON A DAILY BASIS, AND WILL TAKE STEPS AS NECESSARY TO FACILITATE RTG COOPERATION.

PART IV - RICE

8. LATE ARRIVALS IN SAIGON OF U.S. RICE VESSELS IN JANUARY, AS WELL AS A DELAYED TRANSSHIPMENT OF RICE ON

THE M/S PRESIDENT ADAMS, WERE SOMEWHAT OFFSET BY A LOWER DEMAND FOR GKR-HELD RICE. THUS, THE TOTAL IN-COUNTRY AVAILABILITY ON JANUARY 31 WAS 38,300 METRIC TONS CORRESPONDING TO 58.9 DAYS' SUPPLY.

9. ACTUAL ARRIVALS IN PHNOM PENH VIA THE MEKONG TOTALLED 25,000 M/T IN JANUARY, WHILE A DISAPPOINTING 842 M/T WERE MOVED FROM KOMPONG SOM VIA ROUTE 4 DURING THE BRIEF PERIOD WHEN THE HIGHWAY WAS NOT INTERDICTED BY THE ENEMY. THE PRESENT SHIPPING SCHEDULE CALLS FOR
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TRANSSHIPMENT IN SAIGON AND ARRIVAL IN PHNOM PENH OF 34,900 M/T IN FEBRUARY AND 9,500 M/T IN MARCH. ON JANUARY 31, KOMPONG SOM HAD A SURPLUS STOCK OF 17,000 M/T. ACCORDING TO PRESENT SCHEDULES, 9,700 M/T WILL BE DISCHARGED AT THIS PORT IN FEBRUARY AND 11,000 M/T IN MARCH.

10. ON JANUARY 31, PHNOM PENH HAD A RICE STOCK ON HAND OF 21,300 M/T. THE FEBRUARY / MARCH OUTLOOK FOR THE CAPITAL AND SURROUNDING AREAS IS AS FOLLOWS:

	FEBRUARY	MARCH
BEGINNING STOCK	21,300 M/T	38,000 M/T
IMPORTS	34,900	9,500
TOTAL AVAILABILITY	56,200	47,500
DISTRIBUTION	18,200	21,700
ENDING STOCK	38,000	25,800
DAYS' SUPPLY	54.3	36.9

AT KOMPONG SOM, THE CURRENT FEBRUARY/MARCH OUTLOOK IS AS FOLLOWS:

	FEBRUARY	MARCH
BEGINNING STOCK	17,000	24,700
IMPORTS	9,700	11,000
TOTAL AVAILABILITY	26,700	35,700
DISTRIBUTION	2,000	2,000
ENDING STOCK	24,700	33,700
DAYS' SUPPLY FOR		
PHNOM PENH	35.3	48.1
TOTAL IN-COUNTRY		
DAYS' SUPPLY	89.6	85.0

THE ABOVE PROJECTIONS ARE BASED ON THE LATEST AVAILABLE SHIPPING SCHEDULE FROM U.S. PORTS. AN IMBALANCE EMERGES IN THE MARCH PROJECTION IN THE SENSE THAT TOO LITTLE RICE WILL ARRIVE IN SAIGON FOR TRANSSHIPMENT TO PHNOM PENH (9,500 M/T), WHILE RICE DISCHARGED AT KOMPONG SOM WILL OVERTAX THE STORAGE CAPACITY AT THAT LOCATION (MAXIMUM 30,000 M/T).

11. THE GKR, THE EMBASSY, AND THE LOCAL LYKES AGENT

ARE RECOMMENDING THAT ONE VESSEL BE DIVERTED FROM KOMPONG
SOM TO SAIGON IN FEBRUARY, AND TWO VESSELS IN MARCH.
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THESE ACTIONS WILL RESULT IN A MORE BALANCED SUPPLY
PICTURE AS FOLLOWS:

PHNOM PENH	FEBRUARY	MARCH
BEGINNING STOCK	21,300 M/T	42,000 M/T
IMPORTS	38,900	20,500
TOTAL AVAILABILITY	60,200	62,500
DISTRIBUTION	18,200	21,700
ENDING STOCK	42,000	40,800
DAYS'S SUPPLY	60.0	58.3

NOTE BY OC/T: LIMDIS CAPTION ADDED PER S/S-O, MR. HALE.

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KOMPONG SOM

BEGINNING STOCK	17,000	20,700
IMPORTS	5,700	-0-
TOTAL AVAILABILITY	22,700	20,700

DISTRIBUTION	2,000	2,000
ENDING STOCK	20,700	18,700
DAYS' SUPPLY FOR PHNOM PENH	29.6	26.7
TOTAL IN-COUNTRY DAYS' SUPPLY	89.6	85.0

GOVERNMENT RICE DISTRIBUTION IN PHNOM PENH AND SURROUNDING AREAS DECLINED IN JANUARY. AGAINST A TOTAL GKR ALLOCATION OF 650 M/T PER DAY, THE AVERAGE DAILY DISTRIBUTION FOR THE MONTH WAS 547.7 M/T PER DAY. THE REASON FOR THIS DECREASE IN THE DEMAND FOR IMPORTED RICE, OF WHICH GOVERNMENT STOCKS ARE ENTIRELY MADE-UP, IS THE SEASONAL AVAILABILITY OF LOCAL RICE ON THE OPEN MARKET. MOST OF THIS LOCAL RICE COMES FROM BATTAMBANG THROUGH PRIVATE TRADE CHANNELS BY TRUCK TO KOMPONG CHHNANG AND THENCE BY RIVER CRAFT TO PHNOM PENH. FARMERS IN THE COUNTRYSIDE AROUND PHNOM PENH HAVE ALSO BEEN ABLE TO BRING IN NEWLY HARVESTED RICE TO THE CAPITAL. AT THE SAME TIME, THE CURRENT ENEMY OFFENSIVE AGAINST PHNOM PENH HAS FOR THE TIME BEING SHUT-OFF DIVERSION OF GKR-HELD RICE OUT OF THE CAPITAL. LAST YEAR, THIS SEASONAL

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AVAILABILITY OF LOCAL RICE IN PHNOM PENH LASTED UNTIL MARCH. THIS YEAR IT MAY NOT LAST THAT LONG GIVEN THE FACT THAT MUCH LESS ACREAGE HAS BEEN PLANTED DUE TO INSECURITY IN THE COUNTRY-SIDE. TAKING THESE VARIOUS FACTORS INTO ACCOUNT, WE HAVE REVISED THE ESTIMATED RATE OF DISTRIBUTION FOR PHNOM PENH IN FEBRUARY TO 650 M/T PER DAY INSTEAD OF THE PREVIOUSLY PROJECTED 700 M/T, BUT FOR MARCH WE CONTINUE TO PROJECT 700M/T BECAUSE ALL SIGNS POINT TO A BIGGER DEFICIT THAN LAST YEAR IN THOSE PROVINCES THAT ARE SUPPLIED OUT OF PHNOM PENH RICE STOCKS.

12. IF OUR REVISED SCHEDULES FOR FEBRUARY AND MARCH ARE ACCEPTED AND IMPLEMENTED, THERE WILL BE NO NEED TO MOVE RICE STORED IN KOMPONG SOM TO PHNOM PENH VIA SAIGON AND THE MEKONG DURING THESE TWO MONTHS. AS A MATTER OF FACT, FOR REASONS OF SECURITY AND RISK OF CONTAMINATION IT DOES NOT APPEAR PRACTICAL TO STORE MUCH MORE THAN 40,000 M/T OF RICE IN PHNOM PENH. UNDER PRESENT CONDITIONS, THE BEST APPROACH SEEMS TO BE TO KEEP A 60 DAYS' SUPPLY IN PHNOM PENH AND A 30 DAYS' SUPPLY IN KOMPONG SOM.

13. ACTIONS REQUIRED.

A. WE REQUEST AID/W TO OBTAIN THE AGREEMENT OF OCEAN CARRIERS TO DIVERT THE M/S JAMES LYKES FROM KOMPONG SOM TO SAIGON IN FEBRUARY, AND THE M/S JOHN PENN AND MARJORIE LYKES IN MARCH.

B. AID SHOULD NOTE THAT, IN TERMS OF REPAYING GVN RICE LOANS TO CAMBODIA, CAMBODIA PL-480 RICE SHIPMENTS SHOULD NOT BE CONSIGNED TO GSA/GVN AS WAS DONE FOR THE SHIPMENT ON THE MJNS HAWAI UNDER PA 78-725. THIS WASHINGTON ACTION CREATES PROBLEMS

AT THIS END. ONE IS THAT GVN DOES NOT ACCEPT SHIPPING DOCUMENTS
MADE OUT TO GSA/GVN BECAUSE THEY ARE NOT COVERED BY A GVN-ISSUED
LETTER OF CREDIT BUT RATHER BY A GKR-ISSUED ONE. SECOND, BOTH WE
AND USAID/SAIGON NEED AS MUCH FLEXIBILITY AS POSSIBLE IN PLANNING
TRANSSHIPMENTS TO PHNOM PENH IN CONJUNCTION WITH REPAYMENTS TO
GVN. BY SEPARATE MESSAGE, WE ARE REQUESTING AID/W TO AMEND APP-
ROPRIATE PA'S ACCORDINGLY.

PART V-PORT MANAGEMENT/SECURITY

14. UNDER KHMER NAVY COMMAND AND CONTROL, SECURITY
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AT THE PORT OF PHNOM PENH HAS CONTINUED TO IMPROVE.
ENDERS

NOTE BY OC/T: LIMDIS CAPTION ADDED PER MR. HALE, S/S-O.

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
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